

**GOVERNMENT OF INDIA
POWER
LOK SABHA**

STARRED QUESTION NO:94
ANSWERED ON:20.02.2009
LEVY ON POWER GENERATION
Satpathy Shri Tathagata

Will the Minister of POWER be pleased to state:

- (a) whether the host States in which the Central Power Stations are located enjoy some preferential advantages;
- (b) if so, the details thereof;
- (c) whether the Government has received proposals from some of the State Governments including Orissa for imposition of levy of duty on the generation of power within their States;
- (d) if so, the details thereof; and
- (e) the action taken/likely to be taken by the Government thereon?

Answer

THE MINISTER OF POWER(SHRI SUSHILKUMAR SHINDE)

(a) to (e) : A Statement is laid on the Table of the House.

STATEMENT

STATEMENT REFERRED TO IN REPLY TO PARTS (a) TO (e) OF STARRED QUESTION NO. 94 TO BE ANSWERED IN THE LOK SABHA ON 20.02.2009 REGARDING LEVY ON POWER GENERATION.

(a) & (b) : The prevailing policy of Government of India for allocation of power from Central Generating Stations provides 12% free power to the home State in case of hydro power stations and 10% power to the home State in case of thermal and nuclear stations.

(c) to (e) : Yes, Sir, some States including Orissa had proposed levy of a duty on the generation of electricity. However, a tax on generation of electricity amounts to a tax on the 'production or manufacture' of electricity. The States cannot impose such taxes since under entry 84 of List I of the Seventh Schedule [Article 246] of the Constitution, the power to impose duties on production or manufacture vests in the Union.